

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4825
ANSWERED ON:24.08.2001
NPAS OF FINANCIAL INSTITUTIONS
DINESH CHANDRA YADAV;RAMCHANDRA PASWAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the financial institutions are facing sickness because of non-recovery of huge payments made to the corporate houses in the country;
- (b) if so, the estimated advance made to the companies by each of the financial institutions during the last three years and the outstanding loan against the companies at the time of making fresh loans;
- (c) the reasons for non-recovery of the outstanding loans from the companies; and
- (d) the steps contemplated by the Government to recover the outstanding dues from these companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) The details of loan disbursed and Net Non Performing Assets (NPAs) by industrial Development Bank of India (IDBI), IFC Ltd., ICICI Ltd., Infrastructure Development Finance Corporation (IDFC), Exim bank, Industrial Investment Bank of India Ltd. (IIBI Ltd.) for the years 1998-99, 1999-2000 and 2000-2001 are as under :

(Rs.in crores)

Institution Disbursement

	1998-99	99-2000	2000-2001
IDBI	14470	17059	17498
IFCILT.D.	4829	3272	2121
ICICI LTD.	19225	25836	31965
EXIM BANK	1271	1730	1896
IIBI	1688	1440	1710
(DFC	374	642	762

Net NPAs

	1998-99	1999-2000	2000-2001
IDBI	6490	7675	8371
IFCILT.D.	4258	4103	3937
ICICI LTD.	3733	3959	2982
EXIM BANK	407	374	407
IIBI	480	641	662
DFC	Nil	Nil	Nil

(c) Recessionary conditions in major industrial sector resulting from excess capacity creation, increased competition from imports and slowdown in exports affected the recovery by the Institutions. There are also certain industry/unit specific and management related problems which has adversely effected the profitability of FIs. Some of the financial Institutions (FIs) have suffered losses due to bad investment decisions and asset liability maturity mismatch.

(d) FIs are taking measures like exercising prepay ment option on high cost debt, raising fresh funds through appropriate liquidity/maturity/cost mix and offering new structured products. Government is also taking various steps in consultation with all concerned to help the financial institutions who are presently in financial distress to revive them so that they continue to play their significant role. FIs are also making recovery efforts through sustained recovery.